ONTARIO'S SUBSURFACE ENERGY ASSOCIATION

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, P.O. Box 2319
Toronto, ON M4P 1E4

June 05, 2025

EB-2025-0064 Enbridge 2024 Rebasing Application
Ontario Petroleum Institute

Dear Mr. Murray,

In accordance with OEB direction, please find attached Ontario Petroleum Institute Inc. ("OPI") Interrogatories to the Applicant for the above noted proceeding.

Respectfully submitted on behalf of Ontario Petroleum Institute Inc.

Scott Lewis, P.Geo, MBA
Chairman OPI

Phone: 519-433-7710
Email: slewis@lagasco.ca

Cc: Patricia Adams (Energy Probe)
Kahlil Viraney (Via email : Khalil.Viraney@oeb.ca)
Michael Millar (Via Email: Michael.Millar@oeb.ca)
Ian Richler (Via Email: Ian.Richler@oeb.ca)
Intervenors of Record

EB-2025-0064

ONTARIO ENERGY BOARD

Enbridge Gas Inc.

2024 Rebasing

ONTARIO PETROLEUM INSTITUTE INTERROGATORIES

June 5, 2025

Submitted by: **Scott Lewis**

slewis@lagasco.ca

Phone: 519-433-7710

OPI-IRR-1

Reference:

Filed: 2023-07-12, EB-2022-0200, Exhibit O1, Tab 1, Schedule 1, Page 46 of 62

Preamble:

File, as part of Phase 3, evidence explaining whether and why/why not Enbridge Gas views that there are avoided costs relevant to serving/receiving gas from local gas producers (including RNG producers) and whether these avoided costs benefit system gas customers and should result in some compensation to local producers (including RNG producers).

Question(s):

a) It does not appear that EGI has commented on local producer cross- subsidies to in-franchise customers that result from paying local producers less for commodity than EGI charges to in-franchise customers. Can EGI explain why this cross subsidy should not be considered when attempting to achieve a 1:1 ratio between in-franchise customers and local producers imbedded in the distribution system?
b) Does gas injected into the distribution system avoid costs such as compressor fuel, and UFG, to move the gas from point of receipt such as Dawn to the distribution customer? Please explain fully.
c) Is it reasonable that these cross subsidies be recognized by EGI by offering reduced station charges or an increased commodity rate equal to the Total Gas Supply Commodity Charge to eliminate the cross subsidy to in-franchise customers? If not, how could EGI provide compensation to producers to provide a more equitable approach?

OPI-IRR-2

Reference:

Filed 2025-02-28, EB-2025-0064, Phase 3 Exhibit 8, Tab 2, Schedule 2, Plus Attachment, Page 7 of 18

Preamble:

20. To ensure there is no cross-subsidy between sales service customers and other customers, the forecast revenue from sales service customers for the use of the Panhandle and St. Clair Systems has been credited to all in-franchise rate classes in proportion to the allocation of Panhandle and St. Clair demand costs. Please see Phase 3 Exhibit 8, Tab 2, Schedule 9, Attachment 8 for the treatment of Rate C1 And OPI_EVD_20230421, Appendix 1.

Question(s):

a) EGI says that it would like to ensure there is no cross-subsidy between sales service customers and other customers. Does EGI consider Local producer's 'other customers' in the referenced statement?
b) Does EGI consider that Local producers cross-subsidize in-franchise customers through commodity rates paid under the GPA vs. the Total Gas Supply Commodity Charge in its attempts to ensure there is no cross-subsidy?
c) Does EGI consider avoided costs such as reduced compression and reduction of UFG in Local producer gas delivered downstream of EGI storage and transmission in its attempts to limit pricing cross subsidies?

OPI-IRR-3

Reference:

Filed: 2025-02-28, EB-2025-0064, Phase 3 Exhibit 8, Tab 2, Schedule 5, Plus Attachments, Page 2 of 41

Preamble:

5. The rate design for certain ex-franchise service charges is not based on an allocation of costs from the Cost Allocation Study but rather on a rate design that provides a contribution towards the recovery of fixed costs. This rate design approached recognizes that while Enbridge Gas requires its systems to provide the service, not all ex-franchise services require the use of the Enbridge Gas system on design day and therefore, may not be allocated costs based on the cost allocation methodologies. This rate design approach also simplifies the Cost Allocation Study where direct assignments that allocate minimal amounts of costs would complicate the Cost Allocation Study. The net revenue for these ex-franchise services flows as a benefit to in-franchise rate classes through storage and transportation (S&T) margin. The S&T margin is to the benefit of in-franchise rate classes, as it partly offsets the allocated costs to these rate classes. Please see Phase 3 Exhibit 8, Tab 2, Schedule 9, Attachment 11 for the S&T margin.

Question(s):

a) Does EGI consider commodity cross- subsidies from local producers to in-franchise customers in the above-mentioned rate design?
b) Does EGI consider the reduction in upstream fuel gas and UFG in its calculations of local producer monthly station costs? If not, why not?

OPI-IRR-4

Reference:

Filed: 2025-02-28, EB-2025-0064, Phase 3 Exhibit 8, Tab 2, Schedule 5, Plus Attachments, Page 13 of 41

Preamble:

29. The St. Clair, Bluewater and Ojibway to Dawn transportation flows in the opposite direction (counter flow) of gas flows on the system. Transportation to Dawn on these paths do not require additional facilities to provide the service because gas arriving at St. Clair, Bluewater or Ojibway is consumed in the local market area.

Question(s):

a) Can EGI describe the similarities and differences between the St. Clair, Bluewater and Ojibway to Dawn transportation flows and the M13 local producer transportation flows?
b) Can EGI describe why it proposes a reduction in charges due to counter flow for the St. Clair, Bluewater and Ojibway to Dawn transportation services and it does not for the local producers? Why should local producers not receive a reduction in fees as a result of counterflow?

OPI-IRR-5

Reference:

Filed: 2025-02-28, EB-2025-0064, Phase 3 Exhibit 8, Tab 2, Schedule 5, Plus Attachments, Page 18 of 41

Preamble:

2.1 Proposed Rate Design

38. Enbridge Gas proposes a rate design for Rate E80 that aligns elements of the current approved rate design of Rate M13[14] as well as introduces new charges for services. Charges for Rate E80 consist of the following components:

a) A fixed monthly station charge (one of the two fixed monthly station charges will apply based on the nature of each producer station);
b) Transmission commodity charge to transport gas on the system, if applicable.
c) Delivery commodity charge to recover any fuel and unaccounted for gas (UFG) for gas transported on the system, if applicable; and
d) An RNG sampling charge, if applicable.

Question(s):

a) Can EGI explain why a charge to recover any fuel and UFG from producers is reasonable considering local producers deliver downstream of utility major assets avoiding fuel usage and UFG in the EGI system?
b) EGI offers one OPI member a Gas Exchange Agreement as opposed to requiring an M13. Can EGI describe the Exchange Agreement and how it differs from M13 and GPA agreements?

c) Can EGI explain its rational for offering the Gas Exchange type agreement for decades to this customer?
d) Does EGI consider avoided costs and cross-subsidies from local producers in its assessing of monthly station charges, transmission commodity charges, or delivery commodity charges?

OPI-IRR-6

Reference:

Filed: 2025-02-28, EB-2025-0064, Phase 3 Exhibit 8, Tab 2, Schedule 5, Plus Attachments, Page 24-41

Preamble:

Table 10
Distribution Customer Stations General Operations & Engineering Percentage

Line No.	Particulars	Total ($) (a)
	Distribution Customer Stations	
1	O&M Expenses excluding General Operations & Engineering	9,856
2	General Operations & Engineering (1)	4,188
3	Total O&M Expenses (2)	14,044
4	General Operations & Engineering Percentage (3)	42%

Notes:
(1) Phase 3 Exhibit 7, Tab 3, Schedule 1, Attachment 7, column (m), line 89.
(2) Phase 3 Exhibit 7, Tab 3, Schedule 1, Attachment 7, column (m), line 102.
(3) Line 2 / line 1.

Question(s):

a) Is the 42% allocation of indirect costs consistent with other rate classes considering local producers pay the entire capital costs of engineering and station construction for their stations?

OPI-IRR-7

Reference:

Filed: 2025-02-28, EB-2025-0064, Phase 3 Exhibit 8, Tab 1, Schedule 4, Plus Attachments, Page 3 of 8

Preamble:

8. Most ex-franchise rate classes are not charged a monthly customer charge[3]. The costs of serving ex-franchise shippers as customers are included in the demand unit rates.

Question(s):

a) Why are local producers charged a monthly station fee, while other ex-franchise customers are not charged a monthly station fee?

OPI-IRR-8

Reference:

Filed: 2025-02-28, EB-2025-0064, Phase 3 Exhibit 8, Tab 2, Schedule 5, Plus Attachments, Page 23 of 41

Preamble:

48. Other direct costs (lines 3, 4, and 5) are based on operational experience related to producer stations. These other direct costs include the following annual expenses:
    - Data entry and travel includes an hour of employee labour time for technicians to complete data entry and to travel to/from the producer station;
    - Weed spraying includes an expense of $100 for the weed spraying that is completed annually at each station; and
    - Station painting includes an expense of $530, which is the average annual cost of the station painting program.

Question(s):

a) How frequently does EGI paint local producer stations?
b) Does EGI's station painting program paint new stations?

OPI-IRR-9

Reference:

Filed: 2025-02-28, EB-2025-0064, Phase 3 Exhibit 8, Tab 2, Schedule 5, Plus Attachments, Page 22 of 41

Preamble:

Table 9
Derivation of Rate E80 Monthly Station Charges Per Customer Station

Line No.	Particulars	Producer Station Hours	Producer Station Cost ($)	Producer RTU Station Hours	Producer RTU Station Cost ($)
		(a)	(b)	(c)	(d)
	Direct Costs (1)				
1	Compliance Inspection	13	1,801	35	4,848
2	Maintenance	4	554	14	1,939
	Other Costs				
3	Data Entry & Travel	1	139	1	139
4	Weed Spraying (2)		100		180
5	Station Painting (2)		530		530
6	Total Direct Costs		3,123		7,635
	Indirect Costs				
7	General Operations & Engineering (3)		1,327		3,244
8	Transportation Equipment (4)		240		668
9	Total Indirect Costs		1,568		3,912
10	Total Annual Costs (line 6 + line 9)		4,691		11,547
11	Monthly Fixed Cost Per Station (line 10 / 12)		390.88		962.29

Notes:
(1) Total direct costs, where applicable, calculated as the number of hours per task multiplied by the fully allocated hourly rate for a station technician of $139/hour.
(2) Weed spraying costs based on incurred annual expense and station painting cost based on the average annual cost of the station painting program.
(3) Indirect cost for general operations and engineering calculated as 42% of total direct costs (line 6).
(4) Indirect cost for vehicles calculated as 10% of total direct labour related costs (line 1 + line 2 + line 3).

Question(s):

a) Can EGI please explain why station painting is the same for smaller local producer stations as it is for larger RTU stations? Can EGI please explain its rational for this?
b) Can EGI describe why the data entry and travel is the same for RTU stations which send data electronically?

OPI-IRR-10

Reference:

Filed: 2025-02-28, EB-2025-0064, Phase 3 Exhibit 8, Tab 2, Schedule 5, Plus Attachments, Page 23 of 41 / and OPI_EVD_20230421, Appendix 1.

Preamble:

> 49. In addition to direct costs, Enbridge Gas attributed indirect costs (lines 7 and 8) to local producer stations costs to arrive at a fully allocated total cost. The use of fully allocated costs ensures that the full costs incurred are recovered from the producers taking the service and is consistent with the rate design for all other rate classes. The indirect costs include general operations and engineering costs and transportation equipment.

Questions:

a) Does EGI consider any of the direct or indirect benefits Local producers provide EGI and it's in-franchise customers when calculating its full costs incurred above?
b) Can EGI confirm that there is a benefit in reduced fuel gas used to transport gas to customers when Local producers deliver gas to the distribution system? Can EGI confirm that it charges customers in the Union South Rate zone more for commodity on average over the past 10 years then it pays local producers under the GPA contract?

OPI-IRR-11

Reference:

Filed: 2025-02-28, EB-2025-0064, Phase 3 Exhibit 8, Tab 2, Schedule 5, Plus Attachments, Page 27 of 41

Preamble:

56. The current rate design for the transmission commodity charge is based on a commoditized cost of the Dawn Parkway System excluding Dawn compression for in-franchise customers. The use of the Dawn Parkway System commoditized rate represented the lowest transmission-related unitized cost included in delivery rates and in the Company's view, represented a reasonable contribution to the facilities being used to provide the service at the time.

Question(s):

a) Can EGI describe why Dawn Parkway System is relevant to M13 producers whose gas does not ever get to, or move on, the major transmission portions of the system?
b) Can EGI confirm that it receives delivery charges from in-franchise customers for gas that is provided by M13 customers in local distribution networks?
c) Can EGI explain why it is reasonable to charge delivery to customers and delivery to producers when expenses are not incurred for either with respect to M13 producers, considering gas cannot physically flow from lower pressure distribution networks into the higher-pressure Dawn Parkway System?

OPI-IRR-12

Reference:

Filed: 2025-02-28, EB-2025-0064, Phase 3 Exhibit 8, Tab 2, Schedule 5, Plus Attachments, Page 30 of 41

Preamble:

66. Regardless of physical flow, the producers pay for the service they contract for, which is transportation of Ontario produced gas using Enbridge Gas's transmission and distribution system. Specifically, the transmission commodity charge is based on the contractual obligations of moving gas from the local producer station to Dawn even the Ontario produced gas molecules are not likely to be physically transported to Dawn or into the Dawn parkway System on design day. Similarly, the delivery commodity charge is set to recover UFG, and company use fuel from producers who contract for transportation services. Enbridge Gas notes that the local production of gas does not provide a system planning benefit on design day, as the production is not obligated and may vary from day to day.

Question(s):

a) Should EGI consider allowing Local producers to contract using an exchange agreement as it better reflects the physical and notional circumstances of the M13 arrangement?
b) Can EGI confirm that the assets between Dawn and M13 producer locations are not physically needed as a result of counter flow and local markets?

c) Can EGI confirm that it only allows local producers into local markets if there is enough demand for the local producers in the local distribution network? Can EGI confirm that if there is not enough room in the local market EGI requires the local producer to pay all system upgrade costs to allow their production to enter the EGI system?
d) Can EGI confirm that tracking of individual molecules is not necessary in a Gas Exchange Agreement type arrangement?
e) Should EGI consider the locational value of gas supplied by GPA producers in the local market in proximity to customers?

OPI-IRR-13

Reference:
Filed: 2025-02-28, EB-2025-0064, Phase 3 Exhibit 1, Tab 6, Schedule 1, Plus Attachments, Page 9 of 11

Preamble:

14. Consistent with the customer engagement for contract rate customers, Enbridge Gas completed some components of the customer engagement without the use of its third-party vendor, Innovative, including engagement with transportation customers and Ontario producers. Similar to the contract rate customers, these are sophisticated customers with individualized needs and preferences, so it was agreed that individual meetings with Enbridge Gas staff who have relationships with them would be more suitable than the use of focus groups. The methodology for these groups is described in the following paragraphs. Since this engagement was conducted by Enbridge Gas, Innovative conducted validation interviews with customers who were willing to be contacted for this purpose. The report is included in Attachment 4.

Question(s):

a) Please confirm that EGI did not meet directly with OPI representatives in the Customer Engagement process.